

“Bridging the Gap”

Mayor Nickels’ 2006 Transportation Initiative

Proposed Commercial Parking Tax Overview

What is proposed?

A 10 percent tax will be collected on commercial parking within Seattle. The tax will be imposed as a flat percentage on parking charges and will be collected at the time of payment.

Who will have to pay this commercial parking tax – and who won’t?

This tax is imposed on vehicles that park in commercially operated parking lots. Off-street parking purchased on an hourly, daily, monthly, or annual basis will pay the tax. Residential parking and other parking provided as part of a long-term property transaction or condominium purchase is not taxed. Under the proposal, the tax will be collected by the parking operator/lot owner at the time of payment. The collected taxes will then be remitted to the City on a regular reporting basis.

The following types of parking are exempt from the tax:

- On-street parking;
- Off-street parking that is free;
- Residential parking; and
- Parking at stadiums and exhibition centers (RCW 36.38.040)

Why propose a commercial-parking tax?

Since 1995, money to maintain our roads and bridges has been in rapid decline. The City has lost about 66 percent of our dedicated funding – about \$25 million in annual transportation revenue. As a result, Seattle faces a transportation maintenance backlog of more than \$500 million.

According to the 2000 U.S. Census, 563,400 people live in Seattle and each day another 238,500 workers commute to jobs inside Seattle from their residences outside the city limits. More than half of the people who commute into Seattle drive their cars. These cars place significant demands on the city’s transportation system. It is appropriate that drivers who use our transportation system should help pay for its maintenance and improvement.

In addition to generating revenue for transportation system maintenance and improvements, the fee is also expected to help Seattle reduce its greenhouse gas emissions. The Mayor’s Green Ribbon Commission specifically recommended Seattle implement a commercial parking tax to

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help reduce the city's dependence on cars. In its March 2006 report and recommendations to the Mayor, the commission concluded a 10 percent increase in the cost of parking, combined with other strategies, would have a substantial influence in reducing emissions and encouraging increased transit use, walking and biking. This will help Seattle meet its goal of lowering its greenhouse gas emissions.

How much revenue will the commercial parking tax generate annually?

In its first full year of implementation, this commercial parking tax is expected to generate approximately \$13 million. Revenue in future years will fluctuate depending upon the demand for and price of commercial parking.

How much will this increase parking rates?

While it's difficult to predict the exact impact on parking rates because they are highly market dependent, we can estimate the effect on average parking rates. At current average prices in downtown Seattle, a 10 percent fee rate means a typical parking stay of two hours would increase by about 70 cents; by about \$1 more for a daily early-bird commuter-parking spot; and perhaps by \$20 for a \$200 monthly agreement.

Do any other cities charge such a tax?

Locally, Bainbridge Island, Bremerton, Mukilteo, Burien, SeaTac and Tukwila all levy parking taxes. In addition, other cities, such as Baltimore, Chicago, Los Angeles, Miami, New Orleans, Pittsburgh, Santa Monica and San Francisco also have parking taxes. In 2004, San Francisco's 25 percent parking fee generated about \$32 million, while Pittsburgh's 50 percent parking fee raised more than \$47.3 million and Los Angeles' 10 percent parking fee raised more than \$65.2 million.